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# **Embedding Fairtrade in South Africa: Global Production Networks, National Initiatives and Localized Challenges in the Northern Cape**

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This article contributes to debate on the evolving expressions of business responsibility in emerging market economies and developing economies by exploring and theorizing the ways in which the Fairtrade standard for supply chains is being re-worked and implemented in South Africa. To understand the changing ways in which the global Fairtrade standard is embedded in South Africa, the article argues for attention not only to recent strategic re-articulations of the standard through national-level initiatives, but also to the localized experiences of producer groups, including those in peripheral regions. This argument is supported by interview-based research revealing the challenges faced by a particular Fairtrade producer community—Eksteenskuil Agricultural Cooperative (EAC) in the Northern Cape. A relational approach developed from economic geography shows how challenges concerning market access, land tenure and community empowerment for this producer emerge from a combination of global Fairtrade conventions, South Africa's dynamic national-institutional context and local politics of place.

**KEYWORDS** Fairtrade; global production networks, relational geography, South Africa.

## **Introduction**

This article advances understanding of the changing pathways of business responsibility in emerging market economies and developing economies by evaluating and theorizing the ways in which the Fairtrade standard, as a specific form of responsibility in supply chains, is being actively re-worked and implemented in South Africa.<sup>i</sup> In particular, it evaluates the relationship between a dynamic context of Fairtrade standard-setting in South Africa and the particular experiences of a Fairtrade raisin producer in a peripheral locality—Eksteenskuil Agricultural Co-operative (EAC) in the Northern Cape. We build on Kruger and du Toit's (2007) study of the national-institutional initiatives in South Africa that have actively re-shaped global Fairtrade standards to fit the country's political-economic circumstances, and consider how these national-level policies, together with globalizing Fairtrade logics and localized politics of place, generate the particular socio-economic situations and struggles faced by producer communities.

The term Fairtrade is used throughout the article to denote the specific type of fair trade represented by the global certification scheme of Fairtrade International (formerly known as Fairtrade Labelling Organizations International or FLO).<sup>ii</sup> Attention paid to increasing South African participation in Fairtrade standard-setting has been at the level of the national-institutional context, which has prioritized the significance of post-apartheid policies including Black Economic Empowerment (BEE) in adapting Fairtrade standards (Kruger & du Toit 2007; Linton, 2012). At the same time, the literature on Fairtrade's *impacts* in South Africa has tended to focus on producer communities in the Western Cape (Herman, 2010;

Linton, 2012; Raynolds & Ngcwangu, 2010). While both dimensions of analysis are important in addressing Fairtrade developments in South Africa, the article argues that geographical understanding needs to be broadened out to incorporate views from more marginal regions with rather different cultural and political-economic geographies and arguably less successful Fairtrade outcomes. This is addressed through the case study of EAC, a Fairtrade supplier of raisins to Traidcraft plc in the UK.<sup>iii</sup>

A key argument of this article is that local economic formations and struggles in Eksteenskuil cannot solely be understood in terms of the cultural specificities of this particular community, nor can they be read off from national-level policies on Fairtrade in South Africa. Rather, they need to be viewed as outcomes of the *relations between* globalizing Fairtrade standards, national-institutional context and the localized politics of place. Thus, in theoretical terms, the article advances a relational approach developed from economic geography (Dicken et al., 2001; Yeung, 2005) to assert the power of relationships between different spatial scales of Fairtrade policy and practice to generate particular localized outcomes and challenges.

We set out neither to assess the impact of Fairtrade, nor to measure socio-economic outcomes for EAC members, as such studies have been published elsewhere (SLC, 2010, SKA, 2010). Rather, we focus on drawing out the relational geographies of EAC's struggles in three key areas—market access, land tenure, and community empowerment—given their emergence as key priorities for EAC through the field research. Moreover, market access and community empowerment relate to two of Fairtrade's core inter-connected objectives—stable supply relationships and the social development of communities, while the issue of land tenure assumes particular political-economic significance in post-apartheid South Africa.

The EAC case study, deriving from a wider research project on ethical production in South Africa, included 89 in-depth interviews conducted between June 2010 and May 2011 with key actors in the South African Fairtrade raisin production network. This research included: (i) 10 interviews in the UK with management at Traidcraft plc—the main purchaser of Eksteenskuil’s raisins; (ii) discussion with representatives of 7 key South African policy-making organizations relating to Fairtrade; (iii) 14 interviews with municipal and commercial actors in the Northern Cape region, including the two major raisin processing plants purchasing EAC’s raisins; and (iv) interviews within Eksteenskuil with 58 individuals, incorporating discussions with the Chair, General Manager and Coordinator of EAC and in-depth conversations conducted in Afrikaans and translated into English with a range of male and female farmers and their family members from across the community.

The article proceeds first by reviewing current perspectives in the social sciences on the spatiality of Fairtrade, incorporating literature addressing the movement’s global, regional, national and localized energies. We argue that Southern participation in Fairtrade, including the active re-negotiation of the Fairtrade standard in emerging market economies and developing economies, needs to combine insights at national, regional and local scales of analysis. Second, the article makes the case for a relational approach to understanding Fairtrade. We develop the global production networks (GPN) perspective in economic geography in order to emphasize the transformative capacity of the *relations between* processes at different spatial scales, between actors and structures, and between economic, political and cultural spheres, to generate particular outcomes and experiences in specific places. Third, we put this approach to work in the case of South Africa and EAC, first by highlighting the national-institutional initiatives re-writing the ‘global’ Fairtrade standard to fit South Africa’s political-economic circumstances, and then by focusing specifically on the

case of EAC in the Northern Cape, which in many ways does not fit with this re-written standard. Through an examination of EAC, we consider how economic, political and cultural relations combining processes that cross-cut global, national and local scales shape both Fairtrade opportunities and fragilities on the part of this particular producer community.

### **Current perspectives on Fairtrade: globalizing standards, Southern participation and localized articulations**

With the rise of the Fairtrade movement as a specific kind of business responsibility, from its immediate post-Second World War roots in small-scale trading organizations run by religious groups to its current incarnation as a high-profile certification system for securing social standards in global supply chains, numerous studies have examined the effectiveness and politics of the movement, which has been set up in opposition to dominant capitalist imperatives. While space does not permit a comprehensive review of critical work in this area, we lay the foundations for our analysis of EAC by highlighting three pertinent themes regarding the movement's geographies: (i) the globalization of Fairtrade standards; (ii) a growing Southern voice in Fairtrade standard-setting at regional (supra-national) and national levels; and (iii) the challenges posed by complex and divided producer communities in shaping localized impacts and lived experiences of Fairtrade.

#### ***Globalizing Fairtrade standards***

The civic principles of partnership, dialogue, transparency and empowerment continually drive Fairtrade, incorporating objectives of eliminating exploitative supply chain intermediaries, guaranteeing stable prices and fostering community development (the latter through the social premium paid to producer groups on top of the price paid for goods) (Raynolds & Long, 2007). However, with the movement's 'global' institutionalization in

FLO/Fairtrade International since 1997, the World Fair Trade Organization (WFTO) and the Network of European World Shops (NEWS!), the progressive mainstreaming and neo-liberalization of Fairtrade are now widely critiqued (Dolan, 2010a, 2010b; Fridell, 2006).

Reed (2009) observes how the corporate mainstreaming of Fairtrade, through which well-known brand name manufacturers and retailers are increasing their participation in both the sale and governance of Fairtrade product ranges, risks diluting the values and rationale of a movement set up originally to empower small producers through trading organizations alternative to those driven by corporate capital. Other authors assert that the modes of third-party certification used to monitor and verify Fairtrade standards in supply chains are emblematic of neo-liberal modes of governance (Dolan, 2010a). The enshrinement of the globally-recognized Fairtrade International standard in detailed codes and strict monitoring by the institution's auditing arm, FLO-Cert, mean that Fairtrade can often become disconnected both from its roots in an ethics of care and from the specific local contexts in which producer communities live and work (Tallontire, 2009). Renard and Loconto (2013) address this abstraction in their analysis of the increasing standardization of Fairtrade through Fairtrade International's recent alignment with ISEAL (International Environmental and Social Accreditation and Labeling Alliance) and its objective of harmonizing sustainability standards. They observe the "techno-procedural logic" (52) associated with the professionalization of the administrative and regulatory elements of Fairtrade International, FLO-Cert and ISEAL, which are more focused on the tools of certification than they are on the values of fairness associated with producer participation and empowerment. However, at the same time they note the simultaneous development of a competing logic at work in the Fairtrade movement, which resists this tendency towards harmonization. This second logic

concerns institutional moves at national and regional scales to break away from, or at least challenge, Fairtrade International. And it is to this spatial logic that we now turn.

### ***National and regional re-articulations of Fairtrade standards in the Global South***

For some scholars and influential policy-makers, recognition of Fairtrade's geographies primarily involves an understanding of global North-South power relations in Fairtrade standard-setting. In this spirit, Wilkinson and Mascarenhas (2007) chart the political moves over the past few years to increase Southern participation in Fairtrade International's policies, in part through regional (supra-national) and national forums. Kruger and du Toit (2007) justify this as an important process, whereby 'fairness' effectively requires local renegotiation on this scale. Most research recently attending to increased Southern participation does so at either a national or a supra-national scale, often using national laws and national and regional development strategies as the key markers of local, political-economic specificity. While this is clearly an important move and one we address in our evaluation of EAC, we suggest that the specificities of local contexts and communities at the level of the producer co-operative are also central to grasping Fairtrade's geographies.

### ***Localizing Fairtrade: community empowerment and fractures***

While debate concerning Southern participation in Fairtrade standard-setting has prioritized national-institutional and supra-national (regional) scales of analysis, there is also a large literature on the impacts and cultural politics of Fairtrade implementation that concentrates on particular, local-level producer communities. Anthropological research, in particular, advances arguments for sensitizing Fairtrade to the cultural politics of particular places (Berlan, 2008; Getz & Shreck, 2006). This presents a valuable contribution to recent



literature highlighting the need for, and challenges of, developing community participation in Fairtrade co-operatives in the global South (Burke, 2010; Herman, 2010).

Analyses of localized Fairtrade impacts suggest that the main benefits for producers are livelihood improvement, increased and stable incomes, access to markets, organizational capacity-building and community empowerment (Dolan, 2010a, 2010b; Nelson & Pound, 2009; Raynolds et al., 2007). Many success stories derive from the work of Latin American banana and coffee-growing co-operatives, which have a regional and historical connection to notions of a “solidarity economy” (Wilkinson & Mascarenhas, 2007: 129).

While the success stories of Fairtrade—too numerous to document in detail here—must be acknowledged and understood, there is a growing field of critical research revealing the challenges and problems associated with producing for Fairtrade markets. For example, Getz and Shreck (2006: 490) note the gap between consumer expectations of Fairtrade production and the often contrasting “lived experiences” of Fairtrade producers. Studies of producer groups can sometimes reveal cases where the aforementioned benefits of Fairtrade make only a modest material difference, or quite commonly do not reach all members of the community in equal measure (Burke, 2010; Dolan, 2010a, 2010b). For Berlan (2008), Dolan (2010a, 2010b) and Lyon (2006), the increasingly apparent neo-liberalization of Fairtrade through rigid codes and audit tools explains some of the more negative consequences of Fairtrade.

Barriers to the success of Fairtrade in practice include a low level of awareness of Fairtrade amongst many producers (Getz & Shreck, 2006; Kruger & du Toit, 2007; Lyon, 2006) and a lack of participation in producer co-operatives of more marginalized groups, including (in places) female smallholders and landless labourers (Burke, 2010; Lyon, 2006; Valkila &

Nygren, 2010). Such uneven participation in Fairtrade co-operatives can result in a widening, rather than narrowing, of cleavages between different socio-economic and cultural groups in specific producer contexts (Arce, 2009; Burke, 2010; Dolan, 2010a, 2010b; Luetchford, 2008). Socio-economic divisions within producer communities that affect Fairtrade outcomes are represented by Arce (2009) and Dolan (2010a, 2010b) as community fractures, a notion we take forward into our analysis of EAC.

There is scope to connect these localized geographies of Fairtrade producer communities with understandings of national/regional institutional initiatives and, of course, the globalizing forces at work in seemingly contradictory attempts to standardize Fairtrade. To do this, we develop notions of relational geography that form a central part of the GPN conceptual framework, in order to understand how the struggles experienced by EAC derive not only from fractured communities and the local politics of place, but also from their entanglements with political-economic dynamics working across global, national and regional scales.

### **Advancing a relational economic geography of Fairtrade**

The conceptual frameworks of global value chains (GVCs) and GPNs have been used widely in studies addressing the governance and development outcomes of geographically-stretched supply networks (Gereffi et al., 2005; Henderson et al., 2002). As such, they present promising starting points from which to examine the interplay between the vertical (supply chain) and horizontal (both networked and place-based) elements of Fairtrade's dynamics. While the firm-based emphasis on governance associated with the GVC approach has been widely critiqued, studies of ethical and fair trade's efficacy have usefully combined the insights from this framework with those of French conventions theory in order to uncover the rules, norms and moralities driving Fairtrade supply (Raynolds, 2009). Both market-based

and civic conventions are shown to govern Fairtrade supply chains, with market-based norms argued to assume increasing significance in the context of the mainstreaming and globalization of Fairtrade discussed above (ibid). Neilson and Pritchard (2009) also have drawn on GVC and GPN frameworks, and argue for “an institutionally-enriched GVC approach” (2009: 55) that captures the co-constitution of value chain governance and regionally-specific institutional arrangements in shaping the outcomes of ethical and fair trade. Although Neilson and Pritchard (2009) prefer to work with the GVC framework in this institutionally-enriched perspective, it also sits easily with the more explicitly spatialized approach of GPN we adopt in this article.

The GPN framework places greater emphasis than the GVC approach on questions of spatiality and complexity and is therefore better suited to understanding the geographies of Fairtrade. Through a GPN approach, the role of institutions has been implicit in a framework viewing production as embedded in complex networks and territories. The GPN framework has principally incorporated two notions of embeddedness—‘territorial’ to capture the “anchoring in different places (from the nation-state to the local level)” of GPNs (Henderson et al., 2002: 452) and ‘network’ to address the structure and stability of transnational connectivity embodied in a GPN. Hess (2004) argues that it is the *interplay* between these different kinds of embeddedness that shapes the governance and outcomes of particular GPNs. This relational thinking is central to our theorization of Fairtrade standard-setting in South Africa and the connections and disjunctures it presents for particular producer communities, illustrated by the case of Eksteenskuil.

A relational geographical approach quite simply sees spaces and places as outcomes of networked relationships between actors (e.g. individuals, firms and organizations) operating

across different geographical scales (Dicken et al., 2001). It therefore refutes views that global, regional, national and local levels are representative of discrete geographical scales. Taking a relational perspective developed by economic geographers, we thus recognize the inseparability of the 'global', 'national' and 'local'. This would seem highly appropriate when considering the Eksteenskuil Co-operative, which is shaped at once by local identity politics, post-apartheid politics and strategic Fairtrade initiatives in South Africa and transnational (including Fairtrade) supply chain conventions. Such an approach, according to Yeung (2005), resonates with a large literature in economic geography on relational approaches, including the GPN conceptual framework. Advancing this literature, Yeung (2005) asserts the need to move beyond relational thinking as simply descriptive of economic forms and themes, and to ascribe causal power to relations between actors (e.g. firms and individuals) and structures (e.g. capital), socio-spatial relations (connections between economic, political, social and cultural realms) and relations between different geographical scales of action. He mobilizes the concept of relational geometry to capture these causal connections as both horizontal (network and place-based) and vertical (extra-local and chain-based) power relations that shape economic landscapes.

We adopt a relational sensibility to understand how changing standards of Fairtrade in South Africa and their implementation in Eksteenskuil are constructed out of the perpetually dynamic relations between a wide range of actors (states, civil society organizations, firms, farmers, co-operatives), diverse logics and spatialities (Allen, 2011). Moreover, we argue that this relational approach develops understanding of the connections, and tensions, between globalizing initiatives of business responsibility, their strategic re-articulation in emerging market economies and localized experiences and struggles of particular producer communities within these countries. This perspective presents a critical geographical

approach to understanding the evolving pathways of business responsibility in emerging market economies and developing economies.

### **Embedding Fairtrade in South Africa through national-institutional initiatives**

Turning attention to networked relations between Fairtrade International and South African Fairtrade organizations, we first acknowledge the embeddedness of the Fairtrade standard in this country through a highly strategic and national-level re-articulation. This illustrates the intertwining of national and global agendas of Fairtrade. For Fairtrade organizations in the global North, South African producer groups embedded within post-apartheid, state-led empowerment initiatives and discourses since the mid-1990s have represented ideal supply chain partners and beneficiaries of the socio-economic surpluses to be gained from the movement. In this sense, then, Fairtrade civic conventions working through global supply chains have come together with national-level political transformation in South Africa to forge these new fair trading connections. The socio-spatial relations between economic and political spheres, and between global and national scales, in this case are illustrative of what Yeung calls “relational complementarity ... where the constituents [actors and structures] of relational geometries benefit from each other’s co-presence and engagement ... to produce spatial change and outcomes” (2005: 46).

At the time of writing, there are some 36 Fairtrade-certified producers in South Africa. While only four of these are community-based co-operatives, including EAC, the remainder are large commercial estates. Although South Africa has become a leader in Fairtrade production within the African continent (Raynolds & Long, 2007), it has evolved in a context where co-operatives are weak (Ashton, 2011). This presents a challenge to the movement more broadly and to Fairtrade International in particular. In contrast to the dominant smallholder model of

Fairtrade common to the Latin American ‘pioneer’ producer groups and through which ‘generic’ Fairtrade standards were originally developed, South Africa presents a context dominated by plantation-style estates employing large numbers of labourers. Recently, and reflecting increasing Southern influence in global Fairtrade standard-setting, South African policy-makers have presented their ‘plantation question’ to Fairtrade International and have sought to re-write Fairtrade certification standards that take into account the country’s political-economic specificities (Kruger & du Toit, 2007).

The process of re-writing the standards gathered pace in 2004 when the rural development consultancy firm, Hamman and Schumman, in partnership with the non-governmental organization, Environmental Monitoring Group, worked to revise Fairtrade standards to reflect this South African context. Along with Fairtrade International’s inclusion of commercial estates, two elements have been most central to the revised standards—South African land reform and the Broad-based Black Economic Empowerment (B-BBEE) Act 53 of 2003—both of which address the racial inequalities resulting from colonial and apartheid legacies (Herman, 2010; Kruger & du Toit, 2007; Linton, 2012; Raynolds & Ngwangu, 2010). In short, South African Fairtrade policy-makers argued that generic Fairtrade standards prior to 2004, which ignored BEE objectives and land reform, were insufficient to guarantee fair labour standards and threatened to undermine socio-economic empowerment. Meanwhile, FLO was concerned that the entrance of commercial estates into the global Fairtrade producer network risked diluting the movement’s ethical credentials. However, Herman (2010: 411) explains that in practice “... interactions between BEE and FLO [Fairtrade International] requirements ... have arguably been to the benefit of both”.

In practice, since 2004 South African Fairtrade commercial estates must comply not only with the generic Fairtrade standard for hired labour producers, but also with the standards set out in the South African government's 2003 B-BBEE Act. This does not, however, apply to smallholder producers in South Africa. Since 2007, South African Fairtrade producers hiring labour must also more specifically follow the B-BBEE Codes of Good Practice passed by the government in 2007, which set out a legal framework and scorecard for measuring economic engagement levels of previously-disadvantaged groups. Government land initiatives supporting B-BBEE through land restitution, purchasing land for previously disadvantaged people and land tenure reform are also seen as part of the empowerment process. The addition of the B-BBEE scorecard renders auditable producers' performance against these targets. Following Allen's (2011: 155) understanding of relational geography, this institutional arrangement between South African policy-makers and Fairtrade International "can more or less hold together, despite being made up of a co-existence of diverse logics and priorities, often pulling in different directions".

While Fairtrade standards regarding stable pricing structures and developmental initiatives relating to the social premium remain in the South African case, local specificities including land reform and B-BBEE are therefore taken into account as standards evolve. In addition, two regional organizations established in 2005 continue to give voice to South African Fairtrade producer groups, again illustrating the practices and relationships working across geographical scales that shape local economic formations of Fairtrade production. The first of these, Fairtrade Africa–Southern Africa Network (FTA-SAN), is a member of Fairtrade International and the second, the Association for Fairness in Trade (AFIT), is a voluntary organization providing support for small producers and representatives of hired labour on estates (Interview with AFIT Coordinator, May 2011). While these regional and national-

institutional developments are highly significant in Fairtrade's embeddedness in South Africa, of equal significance are the more localized articulations of Fairtrade in particular community contexts. As with the renegotiation of Fairtrade standards, we see the struggles of EAC in relational terms as entanglements of relations operating across geographical scales and through (as well as against) some of these national-global initiatives.

### **The localized challenges of embedding Fairtrade in South Africa: insights from Eksteenskuil**

This section of the article explores how EAC as a particular Fairtrade producer community in South Africa internalizes and translates Fairtrade's competing logics (Renard and Loconto, 2013). Following Neilson and Pritchard's (2009) focus on the positions and practices of export producers in terms of "value chain struggles", we view the particular challenges faced by EAC in terms of struggles. In turn, we discuss EAC's struggles over market access, land tenure and community empowerment as three significant themes emerging from interviews not only with key institutional actors, but also with EAC farmers when we asked about their lived experiences of raisin production and their everyday lives as part of Eksteenskuil's communities.

Eksteenskuil (near the town of Keimoes) is a rural settlement in the Lower Orange River valley of the Northern Cape Province. The farming communities of Eksteenskuil who make up EAC live on 21 small islands separated by complex river braids. Although each of the 21 islands has its own name, they were grouped for administrative purposes as North, Middle and South. Under apartheid, the community possessed some degree of decision-making autonomy and municipal offices were sited on Middle Island. Subsequently, Eksteenskuil has been subsumed into the Kai !Garib municipality, contributing to a sense of disconnection



from local government and a common perception that the area's needs are no longer being served adequately, particularly in terms of utility and service provision.

There is an over-arching culture of poverty in the region and EAC members are considered historically disadvantaged, though they are now taking greater control of social and economic life through ownership and management of the Co-operative. Eksteenskuil more broadly extends beyond its 89 EAC members<sup>iv</sup> and includes approximately 180 households and more than 1,200 people living across the three island groups (SLC, 2010). Its residents self-identify largely as 'coloured'—a term derived from the apartheid-era 1955 race classification legislation, the ramifications of which still resonate today.<sup>v</sup> Present-day Eksteenskuil was formed via an apartheid-era resettlement scheme in the late-1950s in accordance with the 1913 Land Act (Robins, 2001). Eksteenskuil was deemed by the government to be non-viable for agriculture because of flood risk; white farmers were moved to more productive areas elsewhere, and coloured people from other areas were moved to Eksteenskuil. Most families currently living in the area have been there for three or four generations. While a small number of white farmers had held large areas of land prior to the late-1950s, coloured settlers were allocated plots of one hectare. Despite some consolidation, the majority of EAC farmers now farm plots that are fewer than five hectares (SLC, 2010). Figure 1 shows a map of Eksteenskuil depicting the locations of research respondents across the three island groups.

[Figure 1 about here].

Of the 2,000 hectares of land in the Eksteenskuil area, 600 are arable and dominated by irrigation-fed farming. In addition to raisins, which represent the main source of income, some farmers also grow lucerne, cotton and vegetables. In terms of enrolment into Fairtrade

supply networks, EAC's members have been selling raisins to Traidcraft plc since 1995, beginning very shortly after the end of apartheid and in advance of many dominant Fairtrade certification schemes. The raisins—Choice Grade Sundried Thompson's—are used mainly for Traidcraft's Geobars. EAC, formerly existing as the Eksteenskuil Farmers Association (EFA), has been certified Fairtrade since 2003. The Co-operative replaced the Association in 2007 in order to shift away from what had been predominantly a lobbying and advocacy association towards a more formalized, developmental and commercial co-operative (SKA, 2010). This change in legal status to a co-operative fits with Fairtrade International's objectives to support co-operatives (Fairtrade International, 2011) and illustrates the need in this case for the organization to adapt to ethical conventions already established between alternative trading organizations in the North and producer co-operatives in Latin America.

### *Fairtrade and the opportunities and fragilities of market access*

Eksteenskuil was the world's first Fairtrade certified raisin producer and is also one of only four Fairtrade smallholder co-operatives operating in South Africa. EAC is active within the South African Fairtrade movement and was a founder member of AFIT. It has, therefore, played a key part in national-institutional decision-making in South Africa and in actively guiding the pathways of Fairtrade here. One of the core benefits of Fairtrade for Eksteenskuil's raisin farmers, as for all Fairtrade producer groups, is associated with access to markets and stable supply relationships. However, there are fragilities to EAC's supply chains that also require acknowledgement and critique.

Until recently, EAC has sold the majority of its raisins (between 400 and 600 tonnes per year) to Traidcraft plc, through the dominant local processor—South African Dried Fruits (SAD)—with whom Eksteenskuil farmers have had a relationship since the 1960s, and which is

now itself Fairtrade-certified. A small price premium—the ‘premi’—is paid directly by SAD to farmers above the market price, along with the Fairtrade social premium. For many years, EAC has been Traidcraft’s only raisin supplier, and this has afforded EAC members significant market stability.

In terms of the agency of local farmers within the supply network, EAC members have a degree of autonomy in terms of where to sell their raisins and in practice they sell to processors independently of the Co-operative. Some farmers choose to sell to Red Sun Raisins, which they believe makes quicker payments than the Fairtrade-certified SAD. During a period of severe flooding in 2011 when many farmers were economically vulnerable and struggled to produce the higher quality Choice Grade raisins, prioritization of cash flow led many down this route and thereby reduced the Fairtrade premium funds coming into EAC. This is because Red Sun Raisins is not Fairtrade-certified and sales down this supply channel have not been able to count as Fairtrade. This situation, however, may be set to change through a recent initiative whereby Red Sun is helping the Co-operative to access cheap loans to purchase new vines. Red Sun will provide support and expertise to farmers, and all raisins produced from those vines will be sent to Red Sun for processing. Red Sun will act as a service provider for EAC and thus the Fairtrade status of the raisins will be retained where required.

In addition to changes within the region, which affect market access, relationships between EAC and its main overseas buyer, Traidcraft, are also subject to shifts and uncertainties. In recent years the proportion of EAC’s raisins bought by Traidcraft has declined, partly as a result of changes in demand. Overall sales of Traidcraft-branded goods have fallen each year, dropping from £21.7 million in 2008/09 to £15.2 million in 2012/13. This situation is linked

to recessionary pressure and increased competition from corporate brands. Specifically, sales in Geobars have dropped in the face of competition from other brands and an overall decrease in the cereal bar market (Traidcraft, 2013). Moreover, Traidcraft has begun to source cheaper Fairtrade raisins from Chile and Afghanistan in order to reduce its dependency on EAC. In 2012, Traidcraft sourced only 40 tonnes of raisins from EAC. For the Co-operative this poses a challenge in terms of needing to create alternative markets. While demand for Choice Grade raisins is high, it is proving harder to find buyers willing (or able) to pay the extra Fairtrade costs, including the Premium which is critical for funding the basic administrative functions of the Co-operative. Variable yields also make it difficult to secure long-term market contracts. Such challenges raise questions for the longer-term viability of Fairtrade as a form of business responsibility shaping Eksteenskuil's farming communities, and need to be acknowledged as fragilities in the wider picture of Fairtrade in South Africa. However, at the time of writing, the current EAC Board is beginning more proactively to investigate possibilities of new overseas markets, including in China, which would forge a new pathway for business responsibility through networked relations between actors in emerging market economies and developing economies.

### ***Fairtrade and the struggle over land tenure***

The struggles facing Eksteenskuil's farmers on the issue of land tenure highlight the tensions, as well as the productive relations, between Fairtrade standard-setting and the politics of place in this locality. Significantly, the revised policy in 2007 of Fairtrade International (then known as FLO) regarding B-BBEE and land reform in South Africa does not directly apply to EAC because it covers only commercial estates with hired labour, illustrating the limitations of reading local specificity from national-institutional contexts and initiatives alone. However, Eksteenskuil's 'coloured' farmers represent a previously disadvantaged

group under apartheid and EAC is classified as a black empowered (>50% Human Development Index ownership) organization by BEE legislation (SLC, 2010). So while Fairtrade standards do not directly support empowerment through BEE initiatives in Eksteenskuil as they do for workers on South African commercial estates, through the Co-operative EAC members are eligible for support from the government's Land Reform for Agricultural Development (LRAD) and land tenure reform programmes. These enable farmers to acquire land to support farming operations and to obtain freehold titles for land already owned respectively (SLC, 2010). While the market-based nature of South African land reform programmes has been critiqued (Lahiff, 2007), the struggle to obtain land and title deeds is seen by EAC farmers as an important part of empowerment.

While at least six farmers have been successful in obtaining LRAD grants to purchase land, the majority have struggled, and less than half of the EAC membership has received title deeds (SKA, 2010). Despite this, changing relations continually shape the fortunes of Eksteenskuil farmers and their households. The initiative with Red Sun Raisins, discussed above, emerges from a collaborative project to enable EAC members to access preferential loans to develop up to 5 hectares of new vines each. This includes a commitment by Red Sun to assist farmers in accessing their title deeds so that the loans can be processed, which has the potential to transform the productive capacity of the Co-operative's members. It also promises specific benefits in terms of the possible attainment of land ownership documents, enabling access to loans and the opportunity for farmers to realize their assets if they desire.

### ***The challenges of community empowerment through Fairtrade co-operatives***

Current research shows that co-operatives are the linchpin for Fairtrade and its objective of community empowerment in producer contexts (Raynolds & Ngcwangu, 2010), reflecting the

centrality of these organizations to broader development projects. However, co-operatives now typically occupy a ‘third way’ between business and civil society that implies their integration into neo-liberal pathways to economic development and a distancing from their more radical roots in 1970s peasant organizations (Burke, 2010). As explained previously, for some commentators this neo-liberal articulation of the co-operative can compromise its ability to deliver benefits to all members of producer communities in equal measure and co-operatives can sometimes reflect, or even widen, social and cultural cleavages.

Participatory and social challenges have clearly been at the centre of EAC’s story in a context of chronic economic poverty, environmental risk and a complex cultural community. While Fairtrade has helped to provide a relatively stable market for EAC members, it attempts to operate here within a producer group already disadvantaged by the legacies of apartheid. The challenges faced by EAC are further complicated by the physical landscape through which it operates, with physical geography making community cohesion incredibly difficult. The island groups of North, Middle and South also present significant geographical anchors for the identities of the farmers and their families. Middle Island sits at the administrative heart of the farming community (housing the EAC offices) and enjoys relative wealth, status and improved infrastructure (e.g. it has the only paved road) in comparison to its much poorer neighbours on North and South Islands. Interviews with farmers on North and South Island reveal a measure of dissatisfaction with the distribution of benefits by EAC and a general perception that Middle Island farmers profit more because of their proximity to EAC offices.

A significant benefit of Fairtrade participation is the social premium, which for raisins is £0.07 per kg. Fairtrade International stipulates that this money, paid directly to the Co-operative based currently on its sales through SAD, should be used for community

development at the discretion of EAC's elected Board. Since 2005, the social premium has supported various projects, such as the provision of bags for school children, equipping and maintaining the EAC offices, funding a Women's Forum, financial assistance for higher education and funerals, workshops on business management, information days for farmers, the coordination of purchasing and dissemination of agri-chemicals, the provision of small loans during harvesting and pruning and, most significantly, the purchase of farming implements that can be hired at a minimal rental fee by members across the islands. The equipment rental scheme is very widely used and the majority of interviewees regard the scheme both as a crucial element of their farming success and as the main marker of the Co-operative's achievements. However, for some farmers there are inevitable problems with the logistics of sharing a limited range of equipment across dispersed island locations. Again, member perceptions about the availability and use/misuse of equipment reveal divisions between the island groups, with some North and South Island farmers bemoaning the lack of access to particular types of equipment stored on Middle Island, and some Middle Island farmers blaming North Island farmers for misuse and damage. Such tensions are illustrative of the kinds of community fractures acknowledged by Arce (2009) and Dolan (2010a, 2010b) and are shaped in this case by broader economic structures of inequality refracted through the physical geography and local politics of place in Eksteenskuil.

A significant proportion of the social premium funds the administration of EAC and its offices. As one report (SLC 2010) acknowledges, the costs of undergoing a FLO-Cert audit and ensuring compliance are high. EAC last underwent a Fairtrade audit in 2009 and was verified to be operating appropriately with regard to governance and financial organization. Its Board has seven members, led by an elected Chair, and it has representation from each of the three island groups. However, the audit states that further work is needed on social and

environmental development plans, and it noted a dependency of the Co-operative on the leadership of one individual (who for several years had occupied the positions of both Chair and General Manager, but who has since stepped down from both). More critically, though, Traidcraft has observed a disjuncture between the workings of EAC and the needs of the wider farming community (Interview with representative of Traidcraft's Supplier Support Team, December, 2010). First, there is a lack of understanding of Fairtrade amongst the farmers, which mirrors a more widespread lack of awareness on the part of farmers and workers in the global South (Getz & Shreck, 2006; Lyon, 2006). Second, there is also misunderstanding of the Co-operative on the part of some farmers stemming from the history of co-operatives under apartheid (Interview, EAC Chair, Middle Island, February 2011), during which time black farmers were forbidden from forming co-operatives, which became part of the infrastructure of white economic domination. This again illustrates the significance of both national-institutional context *and* the territorialized politics of place in terms of how the global Fairtrade standard is translated in South Africa.

The political challenges faced by EAC, shaped by apartheid legacies, are deepened further by the very testing physical environment. Given that only the (relatively) wealthy few, including some EAC Board members, can afford to run cars, the vast majority of farmers and their families have to travel on foot. For the Co-operative, message boards, landlines and mobile telephones (for which many farmers have some limited airtime) are the key means of communication. The recently-elected EAC Chair is currently considering ways in which communication between EAC and the farmers across the islands could be improved, in part by ensuring that EAC's Coordinator travels more frequently to visit the farmers (Interview, February 2011). At present, most of EAC staff time is spent on office administration rather than liaising with farmers across the islands, which clearly derives from Fairtrade's "techno-



procedural logic” (Renard & Loconto, 2013: 52) discussed above and which creates some resentment among farmers in more peripheral locations.

The notion of community empowerment so central to Fairtrade thus represents another form of struggle for EAC, which in practice operates through localized community tensions as much as collective endeavour. These divisions can be delineated in various ways, but can be linked to Eksteenskuil’s cultural-political history incorporating a relocation policy that brought people together from different places and backgrounds. Furthermore, the physical geography and the limited and uneven infrastructure of the islands serve to deepen the challenges of empowerment at community level. Individuals and organizations operating through this locality, including the Co-operative, farmers and Traidcraft, internalize and translate a diverse set of norms and values concerning community empowerment from discourses associated with neo-liberalization, Latin American solidarity, South African post-apartheid policies and cultural relations in Eksteenskuil. As Allen (2011a) argues in his relational perspective on economic formations, “...forms of rule-setting established elsewhere are folded into the here and now and the gap between ‘near’ and ‘far’ [is] dissolved” (page 156). Precisely how these diverse logics are folded into Eksteenskuil’s producer community and its particular struggles shape the ways in which Fairtrade becomes embedded in this locality.

## **Conclusion**

This article contributes to a developing understanding of how business responsibility is evolving in emerging market economies and developing economies. Taking the example of the Fairtrade standard, we acknowledge the political-economic dynamics of transformation through which institutions in these contexts are playing increasingly strategic roles. In the

case of South Africa, like Kruger & du Toit (2007) and Linton (2012), we recognize the importance of national-institutional initiatives in reshaping the meaning and outcomes of this particular movement and its standard. However, we argue for the need to trace the implications of such agency beyond the national and strategic level and the more well-known case studies in prominent exporting regions such as the Western Cape. Viewing the implications of Fairtrade's re-articulations for more marginal localities like Eksteenskuil is of critical importance if the geographies of business responsibility are to be fully understood.

Through the supply relationship with Traidcraft plc, EAC has enjoyed market stability and a social premium that has funded Fairtrade community projects. However, the implementation of Fairtrade in this local context also involves challenges for EAC farmers. First, increasing international competition and declining sales through Traidcraft have led to recent market fragility to which EAC has responded by beginning to investigate possible new markets, including in China. Second, the exclusion of smallholders from national policies to incorporate BEE legislation into Fairtrade requirements has meant that EAC farmers, unlike hired labour, have to pursue land acquisition strategies without assistance from Fairtrade. Third, decision-making powers and improvements to infrastructure have tended to centre on Middle Island, leaving North and South Islands more marginalized. This leaves EAC with the challenge of ensuring a more equitable distribution of Fairtrade's benefits. A testing physical environment marked by complex river braids and flood risk particularly for North and South Islands accentuates this struggle, to which EAC is responding with improved communications and risk management strategies. A further recommendation for EAC from the study is the need to strengthen relationships with other external organizations in addition to Traidcraft.

Despite the critical attention paid to these localized articulations of Fairtrade in South Africa, we eschew a geography that sees global, national and local scales as separable. Taking a relational approach, we assert the importance of viewing any localized expression of business responsibility as constructed through relations between actors and structures cross-cutting spatial scales, and working through the interplay between territorial and network embeddedness. Such an approach reveals connections and ruptures that highlight not only the strategic successes of business responsibility like Fairtrade as it is adapted in and by emerging market economies, but also the challenges, uncertainties and evolving vulnerabilities as it works through peripheral localities within these contexts.

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<sup>i</sup> The term business responsibility refers to the accountability of economic actors (including corporations) not only with respect to profitability, but also with regard to their impact on society and the environment. In a context of neo-liberalism, understood broadly as an opening up of markets, de-regulation on the part of states and an increasing regulatory role played by the private sector, voluntary codes and standards have proliferated to facilitate and measure this responsibility (Blowfield, 2005). Fairtrade operates as a very specific, certifiable form of business responsibility in supply chains with the aim of empowering producer communities.

<sup>ii</sup> The key objectives of Fairtrade International's standards are to: (i) ensure producers receive fair prices that at least cover production costs; (ii) provide a Fairtrade social premium for community development projects; (iii) provide pre-financing for producers if required; (iv) enable long-term supply relationships and producer control; and (v) ensure that production is socially, economically and environmentally responsible.

<sup>iii</sup> Traidcraft plc is the trading arm of a larger UK-based organization, Traidcraft, which was established in 1979 as an initiative to address social justice through trade. As such, it is one of a number of alternative trading pioneers who have adopted and applied principles of Fairtrade. Traidcraft comprises three organizational parts—Traidcraft plc, Traidcraft Exchange (an international development charity) and the Traidcraft Foundation which oversees the organization's principles and holds a 'guardian share' in the plc.

<sup>iv</sup> Not all Eksteenskuil farmers are members of EAC.

<sup>v</sup> Despite a problematic history and often contested usage, apartheid racial categories continue to be widely used and many of our respondents self-identify as coloured. In rural areas of the Western and Northern Cape, there are specific historical and political meanings attached to what it means to be 'black', 'white' and 'coloured' (Erasmus, 2000).